In 1898, two years before the article translated here, Karl Kautsky wrote ‘Old and New Colonial Policy’. In that article, he rejected Eduard Bernstein’s support for German colonial ambitions on the grounds that colonial policy was driven by precapitalist strata, including the Junkers, the military caste and bureaucracy, speculators and merchants, etc. (a confusion partially explained by conditions in the semi-absolutist German Reich). According to Kautsky in 1898, the project to build a colonial empire was ‘a work of reaction’ and was not determined primarily by ‘the needs of industrial development’: 

It is true that industrial capital, too, wanted to gain from this policy, but it does not constitute the driving force of the colonial movement. Militarism, yearning for activity and advancement; the bureaucracy, wishing for an increase in the number of lucrative posts; the decline of agriculture, which drives so many peasants off the land and forces so many younger sons of big landowners to look for positions requiring little knowledge but all the more brutality;

1. Kautsky 1898a.
the growing greed of the Church, which wants to gain prestige and wealth in uncivilised countries [...]; and finally, the growing power of high finance and its growing need for exotic business – these are the principal driving forces of the latest phase of colonial policy.  

The article translated below marked a significant advance in Kautsky’s thinking. Now he saw ‘finance-capital’ as the driving force, with the role of colonial markets for industrial goods receding ‘far behind their importance as fields for the investment of capital’. Kautsky did not use the term ‘finance-capital’ in Rudolf Hilferding’s later sense of a convergence between banking and industrial capital, but he did draw a clear connection between the export of capital and the need to protect foreign investments through a projection of state-power.

Once industrial exports were shipped abroad and paid for, the seller’s interest was satisfied. But, with railways and mining operations, the case was different: the exporters of finance-capital demanded protection for their ongoing commitments. Militarism followed because ‘a certain application of force’ was indispensable ‘to protect the exported capital’. This article cast militarism as a consequence of colonial ambitions. It also foreshadowed Kautsky’s conclusion a decade later that the ‘policy’ of imperialism might be thwarted by a multi-class alliance of workers and bourgeois strata, all of whom bore the tax-burden of imperialism to support the profits of bankers and heavy industrialists.

* * *

‘Germany, England and World Policy’

For some time past, the German and English capitalist press have been exciting the public opinion of both countries and hurling invectives at each other.

---


3. Kautsky 1900c. A partial translation of this article appeared three months later in the organ of the British Social-Democratic Federation The Social Democrat: Kautsky 1900d. The translator, J.B. Askew, prefaced Kautsky’s work with this comment: ‘I feel that at a time when the problem of Imperialism has assumed so pressing a character, the following article, which appeared in Vorwärts...will be, on account of its dispassionate tone and the thoroughness of its analysis, of especial interest to comrades in England.’